

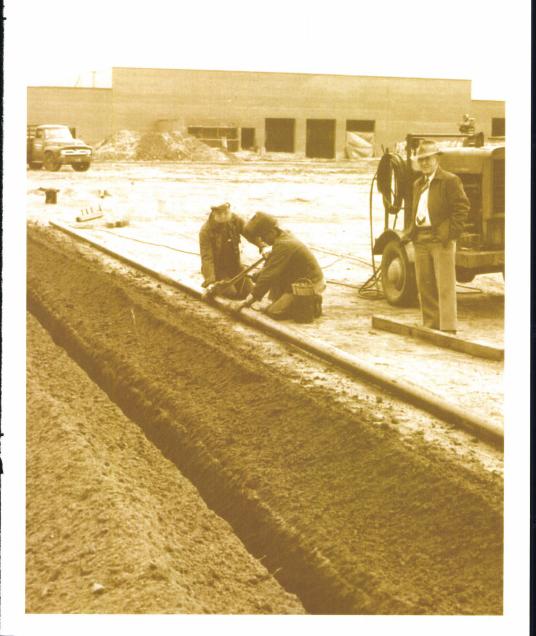
Delivering quality at a great value — yesterday, today and tomorrow...

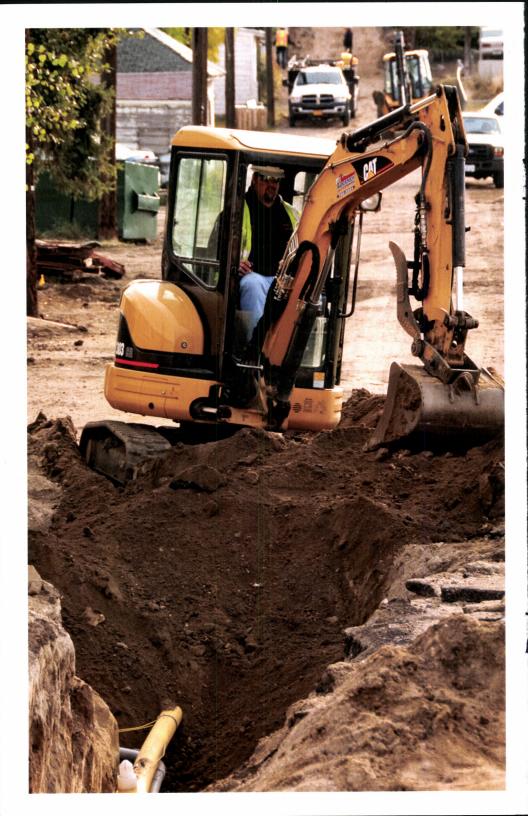
As a NorthWestern Energy customer, you expect and deserve top quality at a reasonable cost – in other words, great value. We agree. NorthWestern Energy has one of the safest and most reliable electric and natural gas distribution systems in the country, and we want to keep it that way. That's why we created a multi-year project to aggressively replace aging infrastructure and to prepare our network to support the next generation of new technology.

How the grid was formed...

Over the past 40 years, NorthWestern Energy has been investing into the electric and natural gas distribution system (replacing poles, gas lines, etc., as needed) to meet the needs of our customers. However, the aging infrastructure that was installed in the 1970s and 1980s is nearing the end of its expected life. Just because it's getting older doesn't necessarily mean it's about to fail, but the statistical likelihood increases with each year. The Distribution System Infrastructure Project (DSIP) is a proactive approach that will be phased in during 2011 and 2012, and will be fully operational in 2013 through 2017. The project involves inspecting all electric and natural gas distribution infrastructure throughout Montana and proactively replacing or repairing components as identified in the plan.

The goal of the Natural Gas DSIP is to maintain and improve future reliability by building more capacity into the system through targeted proactive equipment replacements. This will make our system ready to implement new technology as it becomes cost-effective to do so. Now is the time to invest with this project so NorthWestern can maintain reliability and safety, reducing the number of hit gas lines in the state.

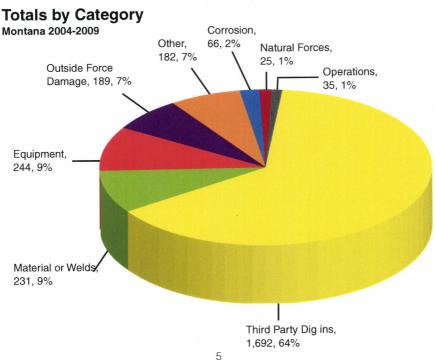




Natural Gas System The plan includes increased expenditures in the following: Gas business district improvement Gas inside meter set and vintage construction improvement Establishment of DIMP Gas farm tap rebuilds Gas line stub removal Gas line damage prevention Gasline under structure removal or relocations

We cannot wait to repair natural gas equipment as it fails, but we do need to do more especially with our state's problem with contractors hitting NorthWestern lines. On average, Montana is almost double the national average for third party dig-ins. NorthWestern will continue to address the issue of the hit lines that cause leaks either immediately or in the future.

Gas zone valve installation plan



Understanding your rates...

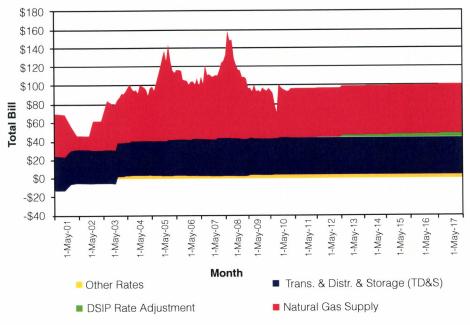
NorthWestern Energy is a regulated utility, which means regulators set our rates. Utility commissions in Montana oversee our rate structure and ensure that rates are reasonable and fair for customers, while allowing NorthWestern Energy the opportunity to be a viable, healthy business. This includes the reliability of our service, the level of our costs and investments made in our system, as well as the level of earnings for shareholders who invest in our company.

For an average customer (using approximately 10 Dkt per month), the estimated additional cost due to DSIP would be approximately \$4.72 per month by 2017.

Estimated Accumulated Natural Gas Bill Increase (avg based on 10 Dkt/month)		
	Average natural gas bill amount	Average yearly natural gas increase/decrease
2010	\$ 97.15	
2011	\$ 97.40	\$ 0.25
2012	\$ 97.77	\$ 0.37
2013	\$ 99.81	\$ 2.04
2014	\$ 100.30	\$ 0.58
2015	\$ 100.88	\$ 0.93
2016	\$ 101.14	\$ 0.27
2017	\$ 101.87	\$ 0.73
Total		\$ 4.72

This table illustrates the potential impact of the DSIP on residential customer bills. The actual timing and impact of this project on rates may be different. Except for the DSIP, bills are held constant from 2011 through 2017 for purposes of this illustration.

NWE Natural Gas Utility Residential Monthly Bill Using 10 Dkt



This chart illustrates the potential impact of the DSIP on residential customer bills. The actual timing and impact of this project on rates may be different. Except for the DSIP, bills are held constant from 2011 through 2017 for purposes of this illustration. The impact of the DSIP aside, bills are expected to change in the future as NorthWestern's costs change and Montana Public Service Commission orders reflecting those changes are implemented.

What we're doing...

NorthWestern Energy will start the project in 2011 and continue moving forward through 2017 with an end result of high quality infrastructure maintaining reliability and safety for our customers.

nate Energy & Telecomm.Comm.

NorthWestern Energy
Delivering a Bright Future